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Attorneys for Defendant California Physicians' Service  
dba Blue Shield of California

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION

In re:

VERITY HEALTH SYSTEM OF  
CALIFORNIA, INC., et al.,

Debtors and Debtors In  
Possession.

Affects:

- ☐ All Debtors
- ☐ Verity Health System of California, Inc.  
☒ O'Connor Hospital  
☒ Saint Louise Regional Hospital  
☐ St. Francis Medical Center  
☒ St. Vincent Medical Center  
☒ Seton Medical Center  
☐ O'Connor Hospital Foundation  
☐ Saint Louise Regional Hospital Foundation  
☐ St. Francis Medical Center of Lynwood  
Foundation  
☐ St. Vincent Foundation  
☐ St. Vincent Dialysis Center, Inc.  
☐ Seton Medical Center Foundation  
☐ Verity Business Services  
☐ Verity Medical Foundation  
☐ Verity Holdings, LLC  
☐ De Paul Ventures, LLC  
☐ De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors In  
Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:  
Case No.: 2:18-bk-20162-ER  
Case No.: 2:18-bk-20163-ER  
Case No.: 2:18-bk-20164-ER  
Case No.: 2:18-bk-20165-ER  
Case No.: 2:18-bk-20167-ER  
Case No.: 2:18-bk-20168-ER  
Case No.: 2:18-bk-20169-ER  
Case No.: 2:18-bk-20171-ER  
Case No.: 2:18-bk-20172-ER  
Case No.: 2:18-bk-20173-ER  
Case No.: 2:18-bk-20175-ER  
Case No.: 2:18-bk-20176-ER  
Case No.: 2:18-bk-20178-ER  
Case No.: 2:18-bk-20179-ER  
Case No.: 2:18-bk-20180-ER  
Case No.: 2:18-bk-20181-ER

Chapter 11 Cases

Adv. No. 2:20-ap-01575-ER

**Blue Shield of California's Statement of  
Position in Response to Court's  
Scheduling Order and Revised Early  
Meeting of Counsel, Joint Status  
Conference Instructions**

**[Relates to Docket No. 3]**

Status Conference Information:

Date: November 17, 2020  
Time: 10:00 a.m.  
Courtroom: 1568  
Address: 255 East Temple Street  
Los Angeles, CA 90012

ST. VINCENT MEDICAL CENTER, a  
California nonprofit public benefit  
corporation, SETON MEDICAL CENTER, a  
California nonprofit public benefit  
corporation, O’CONNOR HOSPITAL, a  
California nonprofit public benefit  
corporation, and SAINT LOUISE  
REGIONAL HOSPITAL, a California  
nonprofit public benefit corporation,

Plaintiffs,

v.

CALIFORNIA PHYSICIANS’ SERVICE dba  
BLUE SHIELD OF CALIFORNIA, a  
California nonprofit public benefit  
corporation,

Defendant.

TO THE HONORABLE ERNEST M. ROBLES, UNITED STATES BANKRUPTCY  
JUDGE, PLAINTIFFS, THEIR COUNSEL OF RECORD, AND ALL PARTIES IN INTEREST:

PLEASE TAKE NOTICE that California Physicians’ Service dba Blue Shield of  
California (“Blue Shield”), defendant in the above-captioned adversary proceeding (“Adversary  
Proceeding”), respectfully submits its statement of position pursuant to the Court’s Scheduling  
Order (“Scheduling Order”) and Revised Early Meeting of Counsel, Joint Status Conference  
Instructions (“Court Instructions”) entered on August 31, 2020, as Docket No. 3.

PLEASE TAKE FURTHER NOTICE that on October 30, 2020, as Docket No. 13, Blue  
Shield filed its *Motion to (1) Dismiss Claims for Turnover, Violation of the Automatic Stay and  
Unjust Enrichment; and (2) Compel Arbitration and Stay Adversary Proceeding* (“Motion”),  
along with a supporting Memorandum of Points and Authorities, wherein Blue Shield discusses  
in detail its position on the “non-core” nature of Plaintiffs’ viable claims. The Motion is  
scheduled to be heard on November 24, 2020, at 11:00 a.m. before the Court.

PLEASE TAKE FURTHER NOTICE that, pursuant to paragraph 8 of the Court  
Instructions, Blue Shield contends that certain of Plaintiffs’ claims are “non-core” proceedings, as

1 set forth in detail in the Motion. Blue Shield hereby incorporates by reference the Points and  
2 Authorities set forth in the Motion, as if fully set forth herein.

3 Specifically, Blue Shield does not object to the Bankruptcy Court's authority to enter a  
4 final order or judgment to confirm an arbitration award on Plaintiffs' breach of contract causes of  
5 action. Nor does Blue Shield object to the Bankruptcy Court's authority to enter final orders and  
6 judgments with respect to any core proceedings. However, as set forth in Blue Shield's pending  
7 motion to dismiss, Blue Shield denies that Plaintiffs' stay violation and turnover causes of action  
8 are actually core proceedings, and are instead breach of contract causes of action disguised as  
9 core proceedings.

10  
11 Dated: November 3, 2020

Respectfully submitted,

12 SNELL & WILMER L.L.P.

13 By: /s/ Andrew B. Still

14 Michael B. Reynolds

15 Andrew B. Still

16 Attorneys for California Physicians'  
17 Service, dba Blue Shield of California

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SNELL & WILMER  
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## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
600 Anton Boulevard, Suite 1400, Costa Mesa, CA 92626-7689.

A true and correct copy of the foregoing document entitled (*specify*): **Blue Shield of California's Statement of Position in Response to Court's Scheduling Order and Revised Early Meeting of Counsel, Joint Status Conference Instructions**

will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) November 3, 2020, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Steven J Kahn skahn@pszyjw.com
- Michael B Reynolds mreynolds@swlaw.com, kcollins@swlaw.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov

☐ Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On (*date*) \_\_\_\_\_, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) November 3, 2020, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

**Via Federal Express:**

The Honorable Ernest M. Robles  
United States Bankruptcy Court  
255 E. Temple Street, Suite 1560/Ctrm 1568  
Los Angeles, California 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

November 3, 2020  
*Date*

Kelley Nestuk  
*Printed Name*

/s/ Kelley Nestuk  
*Signature*